

## Calendar No. 428

103D CONGRESS  
2D SESSION

# S. 2109

To amend the Public Health Service Act and the Social Security Act to provide improved and expanded access to comprehensive primary health care and related services for medically underserved and vulnerable populations through the provision of financial support for the development of community-based health networks and plans, to permit federally-assisted health centers to expand their capacity and develop and operate new sites to serve underserved and vulnerable populations, to provide certain financial and other protections for such networks, plans, and health centers, and to facilitate the involvement of, and payment to, entities serving underserved and vulnerable populations in the training and education of primary care health professionals, and for other purposes.

---

### IN THE SENATE OF THE UNITED STATES

MAY 12 (legislative day, MAY 2), 1994

Mr. HOLLINGS (for himself, Mrs. MURRAY, Mr. BOREN, Mr. COCHRAN, Ms. MIKULSKI, Mr. INOUE, Mr. HATCH, and Ms. MOSELEY-BRAUN) introduced the following bill; which was read the first time

MAY 16, 1994

Read the second time and placed on the calendar

---

## A BILL

To amend the Public Health Service Act and the Social Security Act to provide improved and expanded access to comprehensive primary health care and related services for medically underserved and vulnerable populations through the provision of financial support for the devel-

opment of community-based health networks and plans, to permit federally-assisted health centers to expand their capacity and develop and operate new sites to serve underserved and vulnerable populations, to provide certain financial and other protections for such networks, plans, and health centers, and to facilitate the involvement of, and payment to, entities serving underserved and vulnerable populations in the training and education of primary care health professionals, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
 2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE; FINDINGS.**

4       (a) **SHORT TITLE.**—This Act may be cited as the  
 5       “Access to Community Health Care Act of 1994”.

6       (b) **FINDINGS.**—Congress finds the following:

7               (1) Efforts to assure universal coverage for  
 8       comprehensive health care benefits are a vitally im-  
 9       portant part of achieving effective national health  
 10      care reform.

11              (2) The provision of universal insurance cov-  
 12      erage, while vitally important, will not alone address  
 13      the critical needs of the estimated 43,000,000 Amer-  
 14      icans who are underserved by the current health  
 15      care system, and who lack access to the most basic  
 16      health services.

(3) Access to, and coordination of, health care is especially difficult for those Americans who live in underserved rural and inner-city communities or who are members of other vulnerable groups, including migratory and seasonal agricultural workers, persons who are homeless, those with HIV infection, those who suffer from substance addiction, high-risk pregnant women, infants and children, immigrants and refugees, and individuals with disabilities.

(4) The consequences of poor access to, and lack of coordination of, health care among the underserved is evidenced by elevated infant and childhood illness and mortality rates, over-utilization of emergency rooms and other inappropriate providers for primary care services, and hospitalization rates for preventable conditions that are significantly higher than the national average.

(5) Efforts to provide increased access to, and coordinate the delivery of, vital primary health care and related services for underserved and vulnerable Americans will not only contribute to improved health status, but will also reduce unnecessary care and the overall costs of health care.

(6) Essential community providers, such as the community and migrant health centers, collectively



1 referred to as health centers, which serve more than  
2 7,000,000 needy Americans, provide an effective and  
3 proven model for extending access to all underserved  
4 and vulnerable Americans.

5 (7) Support for the development and operation  
6 of new and expanded sites served by the health cen-  
7 ters and similar primary health care providers, is  
8 needed to extend access to comprehensive primary  
9 health care services for the millions of Americans  
10 who remain unserved or underserved.

11 (8) As managed care has achieved recognition  
12 as a means of organizing and paying for health care  
13 for many Americans, there is a need to assure that  
14 such arrangements develop in a manner that is re-  
15 sponsive to the needs of underserved people and  
16 communities. Of particular importance is the devel-  
17 opment of community-based networks of health cen-  
18 ters and other essential community providers that  
19 offer high quality care to individuals and that en-  
20 deavor to both contain costs and reduce unnecessary  
21 or inappropriate uses of high-cost services.

22 (9) Essential community providers such as  
23 health centers and community-based networks serv-  
24 ing such populations must be afforded certain pro-  
25 tections from full financial risk for the cost of serv-

ing such populations and communities. Protections are needed because underserved populations typically require more frequent and intensive care, and because reduced use of higher-cost inpatient, emergency and specialty care will depend on the increased provision of primary care as well as related and enabling services.

(10) Health centers and community-based networks that participate in arrangements which produce savings of grant funds or increased revenues that will be used to further expand or improve services to medically underserved populations should be afforded protection from anti-kickback laws.

(11) Health centers, community-based networks and other essential community providers of comprehensive primary care services to the underserved provide the most appropriate locations and conditions for educating and training primary health care professionals, and should be centrally involved in such education and training efforts.

**SEC. 2. GRANTS FOR THE DEVELOPMENT AND OPERATION  
OF HEALTH CENTERS AND COMMUNITY  
HEALTH NETWORKS AND HEALTH PLANS.**

(a) SERVICES AUTHORIZED AT SCHOOLS AND OTHER  
APPROPRIATE LOCATIONS.—Section 330(a) of the Public

1 Health Service Act (42 U.S.C. 254c(a)) is amended by in-  
2 serting after “provides” the following: “at appropriate lo-  
3 cations, that may include schools and other sites”.

4 (b) ENABLING AND OUTREACH SERVICES.—Section  
5 330(a) of such Act (42 U.S.C. 254c(a)) (as amended by  
6 subsection (a)), is further amended—

7 (1) in paragraph (5), by striking “and” at the  
8 end thereof;

9 (2) in paragraph (6)—

10 (A) by inserting “the services of outreach  
11 workers and others to determine, or assist in  
12 determining, the eligibility of individuals to re-  
13 ceive services and benefits under Federal, State  
14 and local health programs, and to assist such  
15 individuals in enrolling in such programs, and  
16 other” before “patient case”; and

17 (B) by adding “and” at the end thereof;  
18 and

19 (3) by inserting after paragraph (6) the follow-  
20 ing new paragraph:

21 “(7) enabling services (defined as those services  
22 that are not otherwise described in this subsection)  
23 that promote access to necessary health and other  
24 human and social services, and that increase the ca-  
25 pacity of individuals to utilize the items and services



1 included as covered benefits under Federal, State,  
2 and local health programs;”.

3 (c) COMMUNITY HEALTH SERVICE NETWORKS AND  
4 PLANS.—Section 330 of such Act (42 U.S.C. 254c) is  
5 amended by adding at the end thereof the following sub-  
6 section:

7 “(l)(1) The Secretary may make a grant to one or  
8 more community health centers that receive grants under  
9 subsection (d)(l)(A), or to one or more federally qualified  
10 health centers as defined in Section 1861(aa)(4) of the  
11 Social Security Act, to support the development of a com-  
12 munity health service network or plan as defined in para-  
13 graph (3). Assistance received under a grant under this  
14 subsection may be used to pay for the—

15 “(A) cost associated with the development of  
16 the network or plan as a corporate entity, including  
17 planning and needs assessments, and the cost associ-  
18 ated with the development of appropriate contractual  
19 agreements between the participating providers and  
20 the network or plan;

21 “(B) cost associated with the development of  
22 the internal management for the network or plan, as  
23 well as the cost associated with the development of  
24 financial, legal, clinical, information systems (exclu-  
25 sive of systems that the Secretary determines are in-

1 formation highways), billing and reporting systems  
2 for the network or plan;

3 “(C) cost associated with the development of  
4 additional sites that will assure or enhance the pro-  
5 vision and accessibility of primary health care and  
6 enabling services to medically underserved popu-  
7 lations, and residents of health professional shortage  
8 areas;

9 “(D) cost associated with the recruitment,  
10 training, and compensation of health professionals  
11 and administrative staff;

12 “(E) acquisition, expansion, modernization of  
13 facilities, conversion of unneeded hospital facilities to  
14 facilities that will assure or enhance the provision  
15 and accessibility of primary health care and enabling  
16 services, as well as construction of new facilities and  
17 purchase of major equipment (including equipment  
18 necessary for support of external and internal infor-  
19 mation systems);

20 “(F) amount of any reserves that are required  
21 for furnishing services on a prepaid basis; and

22 “(G) such other costs as are necessary to as-  
23 sure that the network or plan will be ready to as-  
24 sume operational status by the end of the planning  
25 and development phase.



1       “(2) The Secretary may make grants to support the  
2 operation of community health service networks or plans  
3 that received assistance under paragraph (1) for planning  
4 and development and that meet the requirements of sub-  
5 paragraphs (A) and (B) of paragraph (3). The costs for  
6 which a grant may be made include, the costs described  
7 in paragraph (1), and the otherwise unreimbursed costs  
8 of furnishing services described in subsection (a) (except  
9 for the costs of inpatient hospital services, extended care  
10 facility services and long-term physical medicine) to medi-  
11 cally underserved populations and residents of health pro-  
12 fessional shortage areas and other hard-to-reach popu-  
13 lations.

14       “(3)(A) For purposes of this section:

15       “(i) The term ‘community health service net-  
16 work’ means a consortium of health care providers  
17 that meets the following requirements:

18       “(I) The consortium is a public or non-  
19 profit private entity whose principal purpose is,  
20 with respect to the items and services that are  
21 described in subsection (a), to provide all or a  
22 portion of such items and services to a signifi-  
23 cant number of individuals who are members of  
24 a medically underserved population or popu-  
25 lations, residents of health professional shortage

1 areas and other hard-to-reach populations in  
2 the network service area.

3 “(II) The participation of health care pro-  
4 viders in the consortium is governed by a writ-  
5 ten agreement to which each of the participat-  
6 ing providers is a party.

7 “(ii) The term ‘community health service plan’  
8 means a health plan that meets the following condi-  
9 tions:

10 “(I) The health plan is a public or non-  
11 profit private entity, as defined in section  
12 1903(m)(2)(A) of the Social Security Act,  
13 whose principal purpose is, with respect to the  
14 items and services that are described in sub-  
15 section (a), to provide all or a portion of the  
16 items and services to a significant number of  
17 individuals who are members of a medically un-  
18 derserved population or populations, residents  
19 of health professional shortage areas in the  
20 plan’s service area, and other hard-to-reach  
21 populations in the plan’s service area.

22 “(II) The participation of health care pro-  
23 viders in the health plan is governed by a writ-  
24 ten agreement to which each of the participat-  
25 ing providers is a party.

1       “(B) A community health service network or plan  
2 shall—

3           “(i) be governed by individuals a majority of  
4 whom are registered patients of the network or plan  
5 or are representatives of the entities described in  
6 clause (iv)(I), or a combination of such individuals;

7           “(ii) assure the provision of services through  
8 participating providers (who may provide services di-  
9 rectly or through contract) in accordance with all of  
10 the requirements of subsection (e)(3) except sub-  
11 paragraph (G);

12           “(iii) be reasonable in size to accomplish the ob-  
13 jectives of this subsection;

14           “(iv) include as participating providers (unless  
15 such provider(s) decline to participate)—

16           “(I) at a minimum, all entities providing  
17 health services under grants under this section  
18 or sections 329 or 340, and other federally  
19 qualified health centers certified in accordance  
20 with section 1861(aa)(4) of the Social Security  
21 Act in the service area of the plan or network;

22           “(II) a reasonable number and combina-  
23 tion (to ensure that services will be comprehen-  
24 sive and accessible) of—



1                   “(aa) public or nonprofit private enti-  
2                   ties that are entities providing health serv-  
3                   ices under grants under sections 340A,  
4                   1001 or title XXIII, title V of the Social  
5                   Security Act, title V of the Indian Health  
6                   Care Improvement Act, and the Indian  
7                   Self-Determination Act;

8                   “(bb) rural health clinics certified in  
9                   accordance with Section 1861 (aa)(2) of  
10                  the Social Security Act; and

11                  “(cc) local and State public health  
12                  agencies;

13                  that collectively provide primary health and en-  
14                  abling services to residents of the network or  
15                  plan service area; and

16                  “(III) at the option of the network or plan,  
17                  any other public or private entity that provides  
18                  primary health, enabling services or supple-  
19                  mental health services to the population served  
20                  by the network or plan; and

21                  “(v) ensure that each participating provider  
22                  agrees to provide services regardless of an individ-  
23                  ual’s ability to pay.

24                  “(4)(A) No grant may be made under paragraphs (1)  
25                  or (2) unless an application therefore is submitted to, and

1 approved by, the Secretary. Such an application shall be  
2 submitted in such form and manner and shall contain such  
3 information as the Secretary shall prescribe, including—

4 “(i) with respect to applications for planning  
5 and development, the information required by sub-  
6 section (c)(4) and a demonstration of how the appli-  
7 cant will meet all requirements of paragraph (3) by  
8 the end of the period of support under paragraph  
9 (1); and

10 “(ii) with respect to applications for operations,  
11 the information required by subsection (e).

12 “(B) In evaluating applications submitted under sub-  
13 paragraph (A), the Secretary shall consider—

14 “(i) the extent to which the applicant proposes  
15 to provide or expand the provision of services de-  
16 scribed in subsection (a) in a manner that is coordi-  
17 nated and assures accessibility of service to medi-  
18 cally underserved populations and health profes-  
19 sional shortage areas and which will otherwise meet  
20 the requirements of paragraph (3) when the network  
21 or plan assumes operational status;

22 “(ii) the relative need of the populations and  
23 areas proposed to be served for the services proposed  
24 to be provided;

1           “(iii) whether the proposed network or plan de-  
2       scribed in the application is reasonable in size and  
3       capacity;

4           “(iv) whether the proposed network or plan will  
5       address such other needs of the medically under-  
6       served population or populations and health profes-  
7       sional shortage areas to be served as the applicant  
8       or the Secretary may identify;

9           “(v) evidence of State and local support for the  
10      network or plan; and

11          “(vi) whether the proposed budget to support  
12      the network or plan, is reasonable and justified, tak-  
13      ing into account other sources of support for the  
14      proposed network or plan and considering whether  
15      levels of support previously received from other  
16      sources have been maintained.

17          “(5) Not more than two grants may be made under  
18      this subsection for planning and developing the same net-  
19      work or plan.”.

20          (d) FLEXIBLE AUTHORITY.—Section 330 of such Act  
21      (42 U.S.C. 254c) (as amended by subsection (c)) is fur-  
22      ther amended by adding at the end thereof the following  
23      new subsection:

24          “(m)(1) The Secretary may make grants to public  
25      and nonprofit private entities that meet all of the require-



1 ments of subsection (l), except for paragraph (3)(B)(i)  
2 and such other requirements of that subsection as the Sec-  
3 retary may decide for good cause to waive, for the purpose  
4 of planning, developing and operating health networks and  
5 health plans as the Secretary determines will provide or  
6 enhance the provision and accessibility of the services that  
7 are described in subsection (a) to medically underserved  
8 populations and health professional shortage areas in the  
9 service area of the network or plan.

10 “(2) An application for a planning and development  
11 grant under paragraph (1) must meet the requirements  
12 of subsection (l)(4)(A)(i) and an application for an oper-  
13 ations grant under paragraph (1) must meet the require-  
14 ments of subsection (l)(4)(A)(ii).

15 “(3)(A) In evaluating applications submitted under  
16 paragraph (2), the Secretary will consider the factors de-  
17 scribed in subsection (l)(4)(B).

18 “(B) The Secretary may not approve an application  
19 for a grant under this subsection unless the Secretary de-  
20 termines that the network or plan involved will at a mini-  
21 mum assure significant community involvement. For pur-  
22 poses of this subsection, the term ‘significant community  
23 involvement’ is demonstrated if the health network, or  
24 health plan—

1           “(i) is governed by a board of directors, at least  
2       one-third of the members of which are registered pa-  
3       tients or representatives of entities described in sub-  
4       section (l)(3)(B)(iv)(I), or a combination of such in-  
5       dividuals; or

6           “(ii) has established a patient advisory council,  
7       composed of representative registered patients of the  
8       network or plan, through which registered patients  
9       are able to directly participate in decisions that in-  
10      fluence the character and implementation of pro-  
11      grams of the network or plan.

12      The Secretary shall give priority to applicants that meet  
13      the requirements of clause (i) over applicants that meet  
14      the requirements of clause (ii).

15           “(4) Not more than two grants may be made under  
16      this subsection for planning and developing the same  
17      health network or health plan.

18           “(5) Assistance received under a grant under para-  
19      graph (1) for the planning and development of a health  
20      network or health plan may be used to pay the costs de-  
21      scribed in subsection (l)(1). Assistance received under a  
22      grant under paragraph (1) for the operation of such a  
23      health network or health plan may be used to pay the costs  
24      described in subsection (l)(2).”.

25           (e) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—Section 330(g)(1)(A) of such Act (42 U.S.C. 254c(g)(1)(A)) is amended by striking “\$440,000,000” and all that follows through the end thereof and inserting the following: “\$925,000,000 for fiscal year 1995, \$1,425,000,000 for fiscal year 1996, \$1,625,000,000 for fiscal year 1997, \$1,725,000,000 for fiscal year 1998, \$1,725,000,000 for fiscal year 1999, \$1,725,000,000 for fiscal year 2000, and not less than \$1,725,000,000 for each of the fiscal years 2001 through 2005. The preceding sentence constitutes budget authority in advance of appropriations acts and represents the obligation of the Federal government to provide funding for payments in the amounts, and for the fiscal years specified under this section. Such levels shall not be subject to offset or reprogramming for any reason.”.

(2) PLANNING AND OPERATING HEALTH NETWORKS AND PLANS.—Section 330(g)(1) of such Act (42 U.S.C. 254c(g)(1)) is amended by adding at the end thereof the following new subparagraph:

“(C)(i) For the purpose of making grants for activities authorized under subsection (m), the Secretary may expend an amount not to exceed 15 percent of the amount appropriated under subparagraph (A) for any fiscal year



1 that is in excess of \$625,000,000. The authority of the  
2 Secretary to make grants for such activities is effective  
3 for any fiscal year only to such extent or in such amounts  
4 exceeding \$625,000,000 as are provided for in appropria-  
5 tion Acts.

6 “(ii) For the purpose of making grants under sub-  
7 sections (c) and (d) the Secretary shall expend not less  
8 than \$625,000,000 for each fiscal year.

9 “(iii) In determining the level of funding to set aside  
10 for grants under subsections (c) and (d) in excess of  
11 \$625,000,000, the Secretary shall increase such amount  
12 by such sums as are necessary to ensure that individual  
13 recipients of grants under such subsections have funding  
14 each fiscal year in amounts adequate to—

15 “(I) repay loans that have been made to such  
16 recipients under Farmers Home Administration pro-  
17 grams, under section 330A of this Act, or under any  
18 other Federal program, or any other loans with re-  
19 spect to which the Secretary has authorized the use  
20 of funds budgeted in accordance with this section for  
21 repayment; and

22 “(II) to cover the full cost of providing all pri-  
23 mary health care, enabling services, and appropriate  
24 supplemental health services.”.

1 (f) FUNDING PREFERENCES.—Section 330(k) of  
2 such Act (42 U.S.C. 254c(k)) is amended—

3 (1) by inserting “(1)” after the subsection des-  
4 ignation; and

5 (2) by adding at the end thereof the following  
6 new paragraph:

7 “(2) In making grants under this section, the Sec-  
8 retary shall give preference as follows:

9 “(A) As between an application for a grant  
10 under subsection (l) to plan, develop, or operate a  
11 community health service network or plan and an  
12 application for a grant under subsection (m) to plan,  
13 develop, or operate a health network or plan serving  
14 the same medically underserved population, the Sec-  
15 retary shall give preference to the applicant that is  
16 or will be a community health service plan or net-  
17 work in accordance with subsection (l).

18 “(B) As between two or more applications  
19 under subsection (m) to serve the same medically  
20 underserved population, preference shall be given to  
21 applicants that include as participating providers the  
22 greatest number of entities providing health services  
23 under grants under section 329, this section and  
24 section 340.”.

1 (g) MISCELLANEOUS AND CONFORMING AMEND-  
2 MENTS.—

3 (1) APPLICATION.—Section 330(c) of such Act  
4 (42 U.S.C. 254c(c)) is amended—

5 (A) in paragraph (1)—

6 (i) in the matter preceding subpara-  
7 graph (A), by striking “loans) and shall in-  
8 clude—” and inserting a period; and

9 (ii) by striking subparagraphs (A)  
10 through (D); and

11 (B) by adding at the end thereof the fol-  
12 lowing new paragraph:

13 “(4) No grant may be made under paragraph (1) un-  
14 less an application therefor is submitted to and approved  
15 by, the Secretary. Such an application shall be submitted  
16 in such form and manner and contain such information  
17 as the Secretary may prescribe, and shall include—

18 “(A) an assessment of the need that the popu-  
19 lation proposed to be served by the community  
20 health center for which the project is undertaken has  
21 for enabling services, primary health services, sup-  
22 plemental health services, and environmental health  
23 services;



1           “(B) the design of a community health center  
2       program for such population based on such assess-  
3       ment;

4           “(C) efforts to secure, within the proposed  
5       catchment area of such center, financial and profes-  
6       sional assistance and support for the project; and

7           “(D) initiation and encouragement of continu-  
8       ing community involvement in the development and  
9       operation of the project.”.

10           (2) DEMONSTRATION OF SUPPORT.—

11           (A) Section 330(e)(2) of such Act (42  
12       U.S.C. 254c(e)(2)) is amended—

13                   (i) in the first sentence, by striking  
14       “subparagraph (A) or (B) of”;

15                   (ii) in the first sentence, by striking  
16       “for a community health center” and all  
17       that follows through “Such an application  
18       shall also” in the second sentence and in-  
19       serting “shall”; and

20                   (iii) by adding at the end thereof the  
21       following new sentence: “An application for  
22       a grant under subparagraph (B) of sub-  
23       section (d)(1) must demonstrate how the  
24       entity will meet all of the requirements of

1 subsection (e)(3) by the end of the period  
2 of support under such subsection.”.

3 (B) Section 330(e)(3) of such Act (42  
4 U.S.C. 254c(e)(3)) is amended by adding at the  
5 end thereof the following new sentence: “The  
6 Secretary may not approve an application under  
7 subsection (d)(1)(B) unless the Secretary deter-  
8 mines that the entity will meet all of the re-  
9 quirements of this paragraph by the end of the  
10 period of support under such subsection.”.

11 (3) FACILITIES.—Section 330(e)(6) of such Act  
12 (42 U.S.C. 254c(e)(6)) is amended—

13 (A) by striking “(c) or (d)” and inserting  
14 “(c), (d) or (l)”; and

15 (B) by inserting “network or plan” after  
16 “community health center”.

17 (4) CONFORMING AMENDMENTS.—Section 330  
18 of such Act (42 U.S.C. 254c) is amended—

19 (A) in subsection (f)—

20 (i) in paragraph (1), by striking  
21 “(e)(2)” and inserting “(e)(3)”; and

22 (ii) by adding at the end thereof the  
23 following new paragraph:

24 “(3) The Secretary may award (by grant or contract)  
25 funds to nonprofit private entities to support the costs of

1 developing and implementing, on a national basis, joint  
 2 purchasing arrangements and other projects designed to  
 3 reduce the operational costs of recipients of grants under  
 4 this section.”; and

5 (B) in paragraphs (1) and (2) of sub-  
 6 section (i), by striking “subsection (d)” and in-  
 7 serting “under this section”.

8 **SEC. 3. ESTABLISHING A PROGRAM OF LOANS AND LOAN**  
 9 **GUARANTEES.**

10 (a) PROGRAM OF LOANS AND LOAN GUARANTEES.—  
 11 Subpart I of part D of title III of the Public Health Serv-  
 12 ice Act (42 U.S.C. 254b et seq.) is amended by adding  
 13 at the end thereof the following new section:

14 **“SEC. 330A. FEDERAL LOAN AND LOAN GUARANTEE PRO-**  
 15 **GRAM.**

16 “(a) LOANS AND LOAN GUARANTEES.—

17 “(1) IN GENERAL.—From the fund established  
 18 under subsection (b), the Secretary may make loans,  
 19 and guarantee the payment of principal and interest  
 20 to Federal and non-Federal lenders for loans, to any  
 21 public or nonprofit private entity that receives a  
 22 grant under sections 329, 330, or 340 for projects  
 23 for—

24 “(A) the acquisition, modernization, expansion  
 25 or construction of facilities, or the conver-



1 sion of unneeded hospital facilities to facilities  
2 that will assure or enhance the provision and  
3 accessibility of primary health care and ena-  
4 bling services to medically underserved popu-  
5 lations;

6 “(B) the purchase of major equipment, in-  
7 cluding equipment necessary for the support of  
8 external and internal information systems;

9 “(C) the establishment of reserves required  
10 for furnishing services on a prepaid basis; and

11 “(D) such other capital costs as the Sec-  
12 retary may determine are necessary to enable  
13 the grant recipient to achieve the objectives of  
14 section 329, 330 or 340, as applicable.

15 “(2) PREFERENCES AND PRIORITIES.—

16 “(A) PREFERENCE.—In making loans and  
17 loan guarantees under this section, the Sec-  
18 retary shall give preference to applications sub-  
19 mitted by community health centers that have  
20 received grants under section 330(d)(1)(A) and  
21 community health service networks or plans  
22 that have received grants under section 330(l).

23 “(B) PRIORITY.—In making loans and  
24 loan guarantees under this section, the Sec-  
25 retary shall give priority to applications for

1 projects for the renovation and modernization  
2 of medical facilities necessary to prevent or  
3 eliminate safety hazards, avoid noncompliance  
4 with licensure or accreditation standards, or  
5 projects to replace obsolete facilities.

6 “(C) CONSTRUCTION OF NEW BUILD-  
7 INGS.—The Secretary may make loans or loan  
8 guarantees for the construction of new build-  
9 ings only if the Secretary determines that ap-  
10 propriate facilities are not available through ac-  
11 quiring, modernizing, expanding, or converting  
12 existing buildings, or that construction of new  
13 buildings will cost less.

14 “(3) INTEREST SUBSIDIES.—The Secretary  
15 may pay, to the holder of a loan made to any recipi-  
16 ent of a grant under sections 329, 330, or 340, for  
17 and on behalf of the project for which the loan was  
18 made, amounts sufficient to reduce, up to 75 percent  
19 the net effective interest rate otherwise payable on  
20 such loan, if the Secretary finds that without such  
21 assistance the project could not be undertaken.

22 “(4) TOTAL COVERAGE OF COSTS.—The prin-  
23 cipal amount of a loan directly made or guaranteed  
24 under this section may, when added to any other as-  
25 sistance provided under section 329, 330, or 340,

1 cover up to 100 percent of the costs of the project  
2 for which any such assistance is provided.

3 “(5) LIMITATION.—The cumulative total of the  
4 principal of the loans outstanding at any time with  
5 respect to which guarantees have been issued, or  
6 which have been directly made, under this section  
7 may not exceed limitations as may be specified in  
8 appropriation Acts.

9 “(6) APPROVAL AND TERMS AND CONDI-  
10 TIONS.—

11 “(A) APPROVAL OF GUARANTEES.—The  
12 Secretary may not approve a loan guarantee for  
13 a project under this section unless the Sec-  
14 retary determines that the terms, conditions,  
15 security (if any), and schedule and amount of  
16 repayments with respect to the loan are suffi-  
17 cient to protect the financial interests of the  
18 United States and are otherwise reasonable.

19 “(B) TERMS AND CONDITIONS.—Guaran-  
20 tees of loans under this section shall be subject  
21 to such further terms and conditions as the  
22 Secretary determines to be necessary to assure  
23 that the purposes of this section will be  
24 achieved.

25 “(7) LOAN REQUIREMENTS.—

1           “(A) IN GENERAL.—The Secretary may  
2 approve a loan under this section only if—

3           “(i) the Secretary is reasonably satis-  
4 fied that the applicant for the project for  
5 which the loan would be made will be able  
6 to make payments of principal and interest  
7 thereon when due; and

8           “(ii) the applicant provides the Sec-  
9 retary with reasonable assurances that  
10 there will be available to the applicant such  
11 additional funds as may be necessary to  
12 complete the project or undertaking with  
13 respect to which such loan is requested.

14           “(B) OTHER REQUIREMENTS.—Any loan  
15 made under this section shall—

16           “(i) have such security;

17           “(ii) have such maturity date;

18           “(iii) be repayable in such install-  
19 ments;

20           “(iv) bear interest at a rate com-  
21 parable to the rate of interest prevailing on  
22 the date the loan is made, minus any inter-  
23 est subsidy made in accordance with para-  
24 graph (3); and



1                   “(v) be subject to such other terms  
2                   and conditions (including provisions for re-  
3                   covery in case of default), as the Secretary  
4                   determines to be necessary to carry out the  
5                   purposes of this section and sections 329,  
6                   330 and 340, as applicable, while ade-  
7                   quately protecting the financial interests of  
8                   the United States.

9                   “(C) WAIVER OF RIGHT OF RECOVERY.—  
10                  The Secretary may, for good cause but with due  
11                  regard to the financial interests of the United  
12                  States, waive any right of recovery which the  
13                  Secretary has by reason of the failure of a bor-  
14                  rower to make payments of principal of and in-  
15                  terest on a loan made under this subsection, ex-  
16                  cept that if such loan is sold and guaranteed,  
17                  any such waiver shall have no effect upon the  
18                  Secretary’s guarantee of timely payment of  
19                  principal and interest.

20                  “(b) LOAN AND LOAN GUARANTEE FUND.—

21                  “(1) ESTABLISHMENT.—There is established in  
22                  the Treasury a loan and loan guarantee fund (here-  
23                  after in this subsection referred to as the “fund”)  
24                  which shall be available as may be specified from  
25                  time to time in appropriations Acts to enable the

1 Secretary to make loans, loan guarantees, payment  
2 of interest subsidies and such other actions as au-  
3 thorized under subsection (a). There shall also be  
4 deposited in the fund amounts received by the Sec-  
5 retary in connection with loans and loan guarantees  
6 under this section and other property or assets de-  
7 rived by the Secretary from operations respecting  
8 such loans and loan guarantees, including any  
9 money derived from the sale of assets.

10 “(2) AUTHORIZATION OF APPROPRIATIONS.—

11 There are authorized to be appropriated  
12 \$100,000,000 for each of the fiscal years 1995  
13 through 2005, and such additional amounts as may  
14 be necessary to provide the sums required for the  
15 fund. The preceding sentence constitutes budget au-  
16 thority in advance of appropriations Acts and rep-  
17 resents the obligation of the Federal Government to  
18 provide funding for payments in the amounts and  
19 for the fiscal years authorized under this section.

20 “(c) DEFAULT.—

21 “(1) IN GENERAL.—The Secretary may take  
22 such action as may be necessary to prevent a default  
23 on a loan made or guaranteed under subsection (a),  
24 including the waiver of regulatory conditions, defer-  
25 ral of loan payments, renegotiation of loans, and the

1 expenditure of funds for technical and consultative  
2 assistance, for the temporary payment of the inter-  
3 est and principal on such a loan, and for other pur-  
4 poses.

5 “(2) FORECLOSURE.—The Secretary may take  
6 such action, consistent with State law respecting  
7 foreclosure procedures, as the Secretary deems ap-  
8 propriate to protect the interest of the United States  
9 in the event of a default on a loan made or guaran-  
10 teed under subsection (a), including selling real  
11 property pledged as security for such a loan or loan  
12 guarantee and for a reasonable period of time taking  
13 possession of, holding, and using real property  
14 pledged as security for such a loan or loan guaran-  
15 tee.

16 “(d) APPLICATIONS.—No loan or loan guarantee may  
17 be made under this section unless an application is sub-  
18 mitted to and approved by the Secretary. The application  
19 shall be in the form and manner and contain such infor-  
20 mation as the Secretary may prescribe, and if the project  
21 is for the construction, conversion, expansion, or mod-  
22 ernization of a facility, the application shall at a minimum  
23 meet the requirements of section 330(e)(1).

24 “(e) RIGHT OF RECOVERY.—

1           “(1) IN GENERAL.—If any facility with respect  
2           to which a loan or loan guarantee was made under  
3           this section, or with respect to which a grant was  
4           made under section 329, 330, or 340, for the con-  
5           struction, acquisition, expansion, or modernization,  
6           shall at any time within 20 years after completion—

7           “(A) be sold or transferred to any entity  
8           which is not eligible for assistance under section  
9           329, 330 or 340 or which is not approved by  
10          the Secretary as a transferee; or

11          “(B) cease to be a public or nonprofit en-  
12          tity that is eligible for assistance under section  
13          329, 330 or 340;

14          the United States shall be entitled to recover from  
15          the recipient of the grant, loan, or loan guarantee,  
16          the purchaser or transferee, the amount of the  
17          grant, loan, or loan guarantee plus interest. This  
18          right of recovery shall not constitute a lien on any  
19          facility with respect to which a grant was made  
20          under sections 329, 330, 340, or with respect to  
21          which funds have been paid under this section.

22          “(2) WAIVER.—Notwithstanding paragraph (1),  
23          the Secretary shall subordinate or waive the right of  
24          recovery and any other Federal interest that may be  
25          derived by virtue of a loan or loan guarantee under



1       this section, or a grant under section 329, 330, or  
2       340, to support the construction, acquisition, mod-  
3       ernization, expansion, or conversion of a facility or  
4       other capital project authorized under this section,  
5       where the facility is being used as security for a new  
6       loan that will support improvements to the facility,  
7       construction of new primary health care facilities or  
8       improvements of health services described in section  
9       330(a) to medically underserved populations, or  
10      where the facility is being sold in order to finance  
11      the acquisition or construction of another facility  
12      which will be used for the purposes authorized by  
13      section 329, 330 or 340, if the Secretary obtains an  
14      equivalent right of recovery or interest in the new  
15      facility.”.

16      (b) TAX EXEMPTION FOR STATE AND LOCAL BONDS  
17      NOT AFFECTED BY LOAN GUARANTEES.—Section  
18      149(b)(3)(A) of the Internal Revenue Code of 1986 is  
19      amended—

20               (1) in clause (ii), by striking “or” at the end  
21      thereof;

22               (2) in clause (iii), by striking the period and in-  
23      serting “, or”; and

24               (3) by adding at the end thereof the following  
25      new clause:

1                   “(iv) any guarantee by the Loan and  
2                   Loan Guarantee Fund pursuant to section  
3                   330A of the Public Health Service Act.”.

4 **SEC. 4. AMENDMENTS TO THE MIGRANT HEALTH CENTERS**  
5 **AND HEALTH CARE FOR THE HOMELESS PRO-**  
6 **GRAM AUTHORITIES.**

7       (a) ENABLING AND OUTREACH SERVICES.—

8           (1) MIGRANT HEALTH CENTERS.—Section  
9       329(a)(1) of the Public Health Service Act (42  
10      U.S.C. 254b(a)(1)) is amended—

11           (A) in the matter preceding subparagraph  
12      (A), by inserting after “entities provides” the  
13      following: “at appropriate locations, which may  
14      include schools and other sites”;

15           (B) in subparagraph (G), by striking  
16      “and” at the end thereof;

17           (C) in subparagraph (H)—

18           (i) by inserting after the subpara-  
19      graph designation the following: “the serv-  
20      ices of outreach workers and others to de-  
21      termine, or assist in determining, the eligi-  
22      bility of individuals to receive services and  
23      benefits under Federal, State, and local  
24      health programs, and to assist such indi-

1                   viduals in enrolling in such programs, and  
2                   other”; and

3                   (ii) by adding “and” at the end there-  
4                   of; and

5                   (D) by inserting after subparagraph (H),  
6                   the following new subparagraph:

7                   “(I) enabling services (defined as services  
8                   that are not otherwise described in this sub-  
9                   section) that promote access to necessary health  
10                  and other human and social services, and that  
11                  increase the capacity of individuals to utilize the  
12                  items and services that are included as covered  
13                  benefits under Federal, State, or local health  
14                  programs,”.

15                  (2) HOMELESS HEALTH SERVICES.—Section  
16                  340(i) of such Act (42 U.S.C. 256(i)) is amended—

17                  (A) in paragraph (1)—

18                   (i) in subparagraph (B), by adding  
19                   “and” at the end thereof;

20                   (ii) in subparagraph (C), by striking  
21                   “; or” and inserting a period; and

22                   (iii) by striking subparagraph (D);  
23                   and

24                  (B) in paragraph (2), to read as follows:

1       “(2) A grant may include the acquisition, expansion,  
2 or modernization of existing buildings, and the construc-  
3 tion of new buildings (if the Secretary determines that ap-  
4 propriate facilities are not available through the acquisi-  
5 tion, expansion or modernization of existing buildings, or  
6 that construction of a new building will cost less).”.

7       (3) DEFINITIONS.—Section 340(r) of such Act  
8 (42 U.S.C. 256(r)) is amended—

9               (A) in paragraph (1), by adding “, supple-  
10 mental health services and enabling services”  
11 before “substance abuse services”; and

12               (B) in paragraph (6), to read as follows:

13               “(6) The terms ‘primary health services’, ‘sup-  
14 plemental health services’ and ‘enabling services’  
15 shall have the same meanings given such terms in  
16 section 330(a).”.

17       (b) AUTHORIZATION OF APPROPRIATIONS.—

18               (1) MIGRANT HEALTH CENTERS.—Section  
19 329(h)(1)(A) of such Act (42 U.S.C. 254b(h)(1)(A))  
20 is amended by striking “\$48,500,000” and all that  
21 follows through the end thereof and inserting the  
22 following: “\$100,000,000 for fiscal year 1995,  
23 \$110,000,000 for fiscal year 1996, \$120,000,000 for  
24 fiscal year 1997, \$130,000,000 for fiscal year 1998,  
25 \$140,000,000 for fiscal year 1999, \$150,000,000 for



1       fiscal year 2000, and not less than \$150,000,000 for  
2       each of the fiscal years 2001 through 2005. The  
3       preceding sentence constitutes budget authority in  
4       advance of appropriations Acts and represents the  
5       obligation of the Federal Government to provide  
6       funding for payments in the amounts, and for the  
7       fiscal years specified under this section. Such levels  
8       shall not be subject to offset or reprogramming for  
9       any reason.”.

10       (2) HOMELESS HEALTH SERVICES.—Section  
11       340(q)(1) of such Act (42 U.S.C. 256(q)(1)) is  
12       amended by striking “\$70,000,000” and all that fol-  
13       lows through the end thereof and inserting the fol-  
14       lowing: “\$100,000,000 for fiscal year 1995,  
15       \$110,000,000 for fiscal year 1996, \$120,000,000 for  
16       fiscal year 1997, \$130,000,000 for fiscal year 1998,  
17       \$140,000,000 for fiscal year 1999, \$150,000,000 for  
18       fiscal year 2000, and not less than \$150,000,000 for  
19       each of the fiscal years 2001 through 2005. The  
20       preceding sentence constitutes budget authority in  
21       advance of appropriations Acts and represents the  
22       obligation of the Federal Government to provide  
23       funding for payments in the amounts, and for the  
24       fiscal years specified under this section. Such levels

1 shall not be subject to offset or reprogramming for  
2 any reason.”.

3 **SEC. 5. EXPANDING THE NATIONAL HEALTH SERVICE**  
4 **CORPS.**

5 (a) **ADDITIONAL FUNDING FOR CORPS PROGRAMS.—**

6 Section 338(a) of the Public Health Service Act (42  
7 U.S.C. 254k(a)) is amended—

8 (1) by redesignating paragraph (2) as para-  
9 graph (3); and

10 (2) by inserting after paragraph (1), the follow-  
11 ing new paragraph:

12 “(2)(A) For the purpose of carrying out this para-  
13 graph, there are authorized to be appropriated  
14 \$50,000,000 for fiscal year 1995, \$100,000,000 for fiscal  
15 year 1996, and \$200,000,000 for each of the fiscal years  
16 1997 through 2000. The preceding sentence constitutes  
17 budget authority in advance of appropriations Acts and  
18 represents the obligation of the Federal Government to  
19 provide funding for payments in the amounts, and for the  
20 fiscal years, specified under this section. Such levels shall  
21 not be subject to offset or reprogramming for any reason.

22 “(B) The authorizations of appropriations established  
23 in subparagraph (A) are in addition to the authorizations  
24 of appropriations in paragraph (1).

1       “(C) Of the amounts appropriated under subpara-  
2 graph (A), the Secretary shall reserve such amounts as  
3 may be necessary to ensure that, of the aggregate number  
4 of individuals who are participants in the Scholarship Pro-  
5 gram under section 338A, or in the Loan Repayment Pro-  
6 gram under section 338B, the total number who are being  
7 educated as nurses or are serving as nurses, respectively,  
8 is increased to 20 percent.

9       “(D) Notwithstanding section 333(a)(3) and the pri-  
10 orities stated in section 333A for approval of applications  
11 for the assignment of Corps members, to the extent that  
12 additional funds appropriated pursuant to subparagraph  
13 (A) increases the number of individuals participating in  
14 the Scholarship Program under section 338A and in the  
15 Loan Repayment Program under section 338B over the  
16 number of individuals participating in such programs in  
17 fiscal year 1994, the Secretary shall give preference in as-  
18 signing those individuals to applicants that serve a health  
19 professional shortage area and receive grants to provide  
20 health services and enabling services under section 329,  
21 330 or 340 (including, but not limited to, networks and  
22 plans awarded funds under section 330) and other feder-  
23 ally qualified health centers as defined in section  
24 1861(aa)(4) of the Social Security Act.”.



1 **SEC. 6. FACILITATING THE PARTICIPATION OF COMMUNITY**  
2 **PROVIDERS IN HEALTH PROFESSIONS TRAIN-**  
3 **ING.**

4 (a) PREFERENCE FOR CERTAIN HEALTH PROFES-  
5 SIONS PROGRAM APPLICANTS.—Section 791(a)(1) of the  
6 Public Health Service Act (42 U.S.C. 295j(a)(1)) is  
7 amended—

8 (1) by inserting after “or 767,” the following:  
9 “or under sections 777 and 778, in addition to pref-  
10 erences stated in such sections,”; and

11 (2) by striking subparagraphs (A) and (B) and  
12 inserting the following new subparagraphs:

13 “(A) is (or is a co-applicant with) an entity  
14 that receives support under section 329, 330, or  
15 340, or that is certified as a federally qualified  
16 health center under section 1861(aa)(4) of the  
17 Social Security Act; and

18 “(B) either—

19 “(i) has a high rate for placing grad-  
20 uates in practice settings having the prin-  
21 ciple focus of serving residents of medically  
22 underserved communities; or

23 “(ii) during the 2-year period preced-  
24 ing the fiscal year for which such an award  
25 is sought, has achieved a significant in-



1                   crease in the rate of placing graduates in  
2                   such settings.”.

3           (b) PREFERENCE FOR CERTAIN NURSE TRAINING  
4 PROGRAM APPLICANTS.—Section 860(e)(1)(A) of such  
5 Act (42 U.S.C. 298b–7(e)(1)(A)) is amended—

6           (1) by striking “821, 822, 830, and 831” and  
7           inserting “820(b), 820(c), 821, 822, 827, 830, and  
8           831”;

9           (2) by striking clauses (i) and (ii) and inserting  
10          the following new clauses:

11                   “(i) is (or is a co-applicant with) an  
12                   entity that receives support under section  
13                   329, 330, or 340, or that is certified as a  
14                   federally qualified health center under sec-  
15                   tion 1861(aa)(4) of the Social Security  
16                   Act; and

17                   “(ii) either—

18                           “(I) has a high rate for placing  
19                           graduates in practice settings having  
20                           the principle focus of serving residents  
21                           of medically underserved communities;  
22                           or

23                           “(II) during the 2-year period  
24                           preceding the fiscal year for which  
25                           such an award is sought, has achieved

1                   a significant increase in the rate of  
2                   placing graduates in such settings.”.

3       (c) PAYMENT FOR DIRECT COSTS OF GRADUATE  
4 MEDICAL EDUCATION.—Section 1886(h)(4)(E) of the So-  
5 cial Security Act (42 U.S.C. 1395ww(h)(4)(E)) is amend-  
6 ed by striking “that setting.” and inserting the following:  
7 “that setting (or, in the case of activities performed at  
8 a federally qualified health center described in section  
9 1861(aa)(4), if the hospital incurs any of the costs for the  
10 training program at such center and reimburses the center  
11 for any of the costs of the program that the center in-  
12 curs).”.

13       (d) PAYMENT FOR INDIRECT COSTS OF GRADUATE  
14 MEDICAL EDUCATION.—Section 1886(d)(5)(B)(iv) of the  
15 Social Security Act (42 U.S.C. 1395ww(d)(5)(B)(iv)), as  
16 amended by section 13506 of the Omnibus Budget Rec-  
17 onciliation Act of 1993, is amended—

18               (1) by striking “entity receiving a grant” and  
19               all that follows through “control of the hospital” and  
20               inserting “federally qualified health center described  
21               in section 1861(aa)(4)”;

22               (2) by striking “all, or substantially all, of the  
23               costs” and inserting “any of the costs”; and

1           (3) by striking “residents)” and inserting “resi-  
 2           dents and reimburses the center for any of the costs  
 3           of the program that the center incurs)”.

4           (e) CLARIFYING ALLOWABILITY OF COSTS.—Section  
 5 1833(a)(3) of the Social Security Act (42 U.S.C.  
 6 1395l(a)(3)) is amended by inserting after words “fur-  
 7 nishing such services” the following: “(including, without  
 8 limitation, all costs associated with participation in an ap-  
 9 proved medical residency training program)”.

10          (f) EFFECTIVE DATE.—The amendments made by  
 11 subsections (c), (d), and (e) shall apply to services fur-  
 12 nished during cost reporting periods beginning on or after  
 13 October 1, 1994.

14 **SEC. 7. PROVIDING SAFEGUARDS FOR RURAL HEALTH**  
 15 **CLINICS AND FEDERALLY QUALIFIED**  
 16 **HEALTH CENTERS IN MEDICAID DEMONSTRA-**  
 17 **TIONS.**

18          (a) FREEDOM OF CHOICE.—Section 1115(a)(1) of  
 19 the Social Security Act (42 U.S.C. 1315(a)(1)) is amend-  
 20 ed by inserting after “or 1902” the following: “(other than  
 21 sections 1902(a)(13)(E), 1902(a)(10)(A), and  
 22 1902(a)(23) insofar as they require the provision of, pay-  
 23 ment for, and allow freedom of choice to select the pro-  
 24 vider of, the care and services described in section  
 25 1905(a)(2)(B) and (C))”.



1 (b) NO AUTHORITY TO WAIVE COMPLIANCE.—Sec-  
 2 tion 1115(a)(2) of such Act (42 U.S.C. 1315(a)(2)) is  
 3 amended by inserting before the period the following: “,  
 4 except that this paragraph shall not provide authority for  
 5 the Secretary to waive compliance by a State with the re-  
 6 quirements of section 1903(m)(2)(A)(ix) or 1903(m)(3)”.

7 (c) WAIVERS.—Section 1915(b) of such Act (42  
 8 U.S.C. 1396n(b)) is amended—

9 (1) in the first sentence, by striking  
 10 “1905(a)(2)(C)” and inserting “1905(a)(2)(B) and  
 11 (C)”; and

12 (2) in the last sentence, by inserting before the  
 13 period the following: “or under section  
 14 1905(a)(2)(B) and (C)”.

15 (d) PAYMENTS TO STATES.—Section 1903(m) of  
 16 such Act (42 U.S.C. 1396b(m)) is amended:

17 (1) in paragraph (2)(G), by inserting “or is an  
 18 entity primarily owned and controlled by such grant-  
 19 ee or grantees,” after “Public Health Service Act”;  
 20 and

21 (2) by inserting after paragraph (2) the follow-  
 22 ing new paragraph:

23 “(3) Notwithstanding sections 1115 and 1915(b), in  
 24 the event that a State agency contracts with an entity de-  
 25 scribed in paragraph (2)(A) or an entity similar to such



1 entity, such State agency, upon receiving an offer to pro-  
 2 vide health care services from a rural health clinic or a  
 3 federally qualified health center operating in the same geo-  
 4 graphic area as such entity, shall enter into a contract  
 5 with such clinic or center for the provision of all health  
 6 care services referred to in such offer and, unless the clinic  
 7 or center elects otherwise, the payment made by the State  
 8 to such clinic or center for services described in section  
 9 1905(a)(2) (B) and (C) to the individuals proposed to be  
 10 served in the clinic's or center's offer shall be made at  
 11 the rates of payment specified in section  
 12 1902(a)(13)(E).”.

13 (e) CONFORMING AMENDMENTS.—

14 (1) STATE PLANS.—Section 1902(e)(2)(A) of  
 15 such Act (42 U.S.C. 1396a(e)(2)(A)) is amended by  
 16 inserting “(or an entity primarily owned and con-  
 17 trolled by a grantee or grantees described in para-  
 18 graph (2)(G))” after “(2)(G)”.

19 (2) STATE PAYMENTS.—Section  
 20 1903(m)(2)(F)(i) of such Act (42 U.S.C.  
 21 1396b(m)(2)(F)(i)) is amended by inserting “(or an  
 22 entity primarily owned and controlled by a grantee  
 23 or grantees described in subparagraph (G))” after  
 24 “(G)”.

1 **SEC. 8. PROVIDING SAFE HARBOR FOR CERTAIN COLLABO-**  
2 **RATIVE EFFORTS THAT BENEFIT MEDICALLY**  
3 **UNDERSERVED PERSONS.**

4 Section 1128B(b)(3) of the Social Security Act (42  
5 U.S.C. 1320a-7b(b)(3)) is amended—

6 (1) in subparagraph (D), by striking “and” at  
7 the end thereof;

8 (2) in subparagraph (E), by striking the period  
9 and inserting “; and”; and

10 (3) by adding at the end thereof the following  
11 new subparagraph:

12 “(F) any remuneration paid by or to a recipient  
13 or subrecipient of Federal grant funds under or in  
14 connection with an arrangement for the procurement  
15 of goods or services by the recipient or subrecipient,  
16 the referral of patients, or the lease or purchase of  
17 space or equipment, if—

18 “(i) the arrangement is in writing and  
19 signed by the parties;

20 “(ii) the arrangement will result in the  
21 savings of Federal grant funds or increased rev-  
22 enues to the recipient or subrecipient that will  
23 be used to increase the availability or accessibil-  
24 ity of services to a medically underserved popu-  
25 lation served by the recipient or subrecipient or  
26 an improvement in the quality of services to

1 such population: *Provided*, that the recipient or  
2 subrecipient may seek a prior determination  
3 from the Public Health Service that the re-  
4 quirement of this clause is met and, if the re-  
5 cipient or subrecipient does so, Public Health  
6 Service approval shall be conclusive and binding  
7 on the Federal Government;

8 “(iii) the arrangement will not result in  
9 private inurement to any current employees or  
10 members of the Board of Directors of the recip-  
11 ient or subrecipient, or to agents of the recipi-  
12 ent or subrecipient who were involved in rec-  
13 ommending or negotiating the arrangement;

14 “(iv) with respect to an arrangement under  
15 which a recipient or subrecipient is procuring  
16 goods or services, the provider of the goods or  
17 services is the only provider able to supply such  
18 goods or services, or the recipient or sub-  
19 recipient has engaged in a competitive process  
20 to procure the goods or services that meets the  
21 requirements for competition under Federal  
22 grant awards;

23 “(v) with respect to an arrangement for a  
24 referral of patients, the arrangement will assure  
25 that all patients covered or affected by the ar-



1           rangement are advised that they may request a  
2           referral to any person or entity of their choos-  
3           ing, subject to appropriate contractual limita-  
4           tions under which the recipient or subrecipient  
5           may operate as a health plan or as a contract  
6           health plan provider and such limitations as the  
7           patient may be under as an enrollee of a health  
8           plan; and

9           “(vi) with respect to an arrangement for a  
10          referral of patients, the arrangement will not  
11          interfere with the discretion of health profes-  
12          sionals to refer patients in a manner they be-  
13          lieve will most appropriately deal with a pa-  
14          tient’s particular circumstances, subject to ap-  
15          propriate contractual limitations under which  
16          the recipient or subrecipient may operate as a  
17          health plan or as a contract health plan pro-  
18          vider and such limitations as the patient may  
19          be under as an enrollee of a health plan.

20 With respect to any arrangement that does not meet the  
21 requirements of subparagraph (F), paragraphs (1) and (2)  
22 shall not apply when the recipient or subrecipient of Fed-  
23 eral grant funds has applied to the Secretary for approval  
24 of the arrangement and the Secretary, after consultation  
25 with the Department of Health and Human Services Of-



1 fice of Inspector General, has approved the arrangement  
2 based upon a finding that the arrangement will produce  
3 a substantial benefit to a medically underserved popu-  
4 lation that outweighs the arrangement's failure to fully  
5 satisfy all of the requirements of such subparagraph. For  
6 any arrangement existing on the date of enactment of the  
7 Access to Community Health Care Act of 1994, that in-  
8 volves a recipient or subrecipient of Federal grant funds  
9 that does not meet the requirements of subparagraph (F)  
10 and would subject the recipient or subrecipient to criminal  
11 penalties under paragraphs (1) or (2), the recipient or  
12 subrecipient shall be immune from criminal prosecution  
13 under paragraph (1) or (2), except that such immunity  
14 shall only apply if, not later than 6 months after such date  
15 of enactment, the arrangement is terminated or amended  
16 to conform to the requirements of subparagraph (F). For  
17 purposes of this paragraph, a 'recipient' shall mean a pub-  
18 lic or nonprofit private entity that receives a grant or co-  
19 operative agreement under the Public Health Service Act  
20 or under title V of this Act. For purposes of this section,  
21 a 'subrecipient' shall mean a public or nonprofit private  
22 entity that performs substantive work under a grant or  
23 cooperative agreement under the Public Health Service  
24 Act or under title V of this Act to a recipient.'".









103D CONGRESS  
2D SESSION  
**S. 2109**

## A BILL

To amend the Public Health Service Act and the Social Security Act to provide improved and expanded access to comprehensive primary health care and related services for medically underserved and vulnerable populations through the provision of financial support for the development of community-based health networks and plans, to permit federally-assisted health centers to expand their capacity and develop and operate new sites to serve underserved and vulnerable populations, to provide certain financial and other protections for such networks, plans, and health centers, and to facilitate the involvement of, and payment to, entities serving underserved and vulnerable populations in the training and education of primary care health professionals, and for other purposes.

MAY 16, 1994

Read the second time and placed on the calendar

